

MINUTES
ROCKFORD FIREFIGHTERS' PENSION FUND
January 16, 2013

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Wednesday, January 16, 2013, at 8:40 a.m. in the second floor conference room of the Fire Department Administrative Building at 204 S. First Street, Rockford, Illinois, pursuant to notice.

CALL TO ORDER

The meeting was called to order at 8:40 a.m. Upon a call of the roll, the following answered:

ATTENDED: Alan Granite, President
Ronald Graw, Trustee
Tracy Renfro, Secretary

Michael White, Trustee
Chris Black, City Finance Director

STAFF: Ted Dutkiewicz
Linda Wlaznik, Pension Investment Accountant
Judi Yehling, Recording Secretary

GUESTS: Attorney Carolyn Clifford, Ottosen Britz
Mike Piotrowski, Marquette Associates
Tom Salemy, International Equity Analyst, Marquette Associates

PUBLIC COMMENT -- None

I. MINUTES

- The December 19th minutes were presented. Michael White made a motion to approve the minutes. Chris Black seconded the motion. A roll call vote was taken:

Ayes:	Alan Granite	Michael White
	Ronald Graw	Chris Black
	Tracy Renfro	
Nays:	None	

- Linda Wlaznik provided a list of Closed Session minutes which Attorney Clifford explained should be reviewed every six months as to whether they should be released or not. Most of a pension fund's closed sessions will involve deliberations over disability matters. Generally speaking, if individuals referenced in closed meeting minutes are still alive or individuals now deceased are known to others still working in the fire department or the City, the Board may want to continue to keep those minutes closed, to avoid any disclosure of personal information. . The minutes themselves can be kept brief without a lot of detail as the OMA says they can be just a summary of matters discussed. The tapes themselves can be destroyed at the 18-month mark upon Board approval. Of the minutes listed, only one member noted in a closed meeting set of minutes has passed away but it was decided to keep them all closed and review in another six months. Following the discussion Alan Granite made a motion, seconded by Chris Black, to maintain the status quo on closed meeting minutes and review in another six months. A roll call vote was taken:

Ayes:	Alan Granite	Michael White
	Ronald Graw	Chris Black
	Tracy Renfro	
Nays:	None	

II. APPROVAL OF APPLICATIONS

- Gary Nice is retiring effective January 14, 2013, having served 25 years and 10 months. He is entitled to a monthly pension of \$4,608.86/month or an annual pension of \$55,306.29. Alan Granite made a motion, seconded by Ronald Graw, to approve the application for pension. A roll call vote was taken:

Ayes: Alan Granite Michael White
Ronald Graw Chris Black
Tracy Renfro
Nays: None

Discussed the filing of a QILDRO against his pension. To apply the QILDRO Linda Wlaznik explained we just wait until we receive the certified court order before processing anything. Until we receive that court order, which contains the certified calculations and increases, we are under no obligation.

- Ron Weavel passed away on December 31, 2012, and his surviving spouse, Carolyn, will now receive a survivor's pension. Ronald Graw made a motion, seconded by Tracy Renfro, to approve the surviving spouse pension benefit. A roll call vote was taken:

Ayes: Alan Granite Michael White
Ronald Graw Chris Black
Tracy Renfro
Nays: None

- Eileen Hanson, surviving spouse, passed away on January 5, 2013, and her pension will terminate. Alan Granite made a motion, seconded by Tracy Renfro, to approve termination of the pension. A roll call vote was taken:

Ayes: Alan Granite Michael White
Ronald Graw Chris Black
Tracy Renfro
Nays: None

- Jim Miers III is eligible for his first increase having reached the age of 55. He will receive \$4,489.10/month or \$53,869.20 annually. Tracy Renfro made a motion, seconded by Ronald Graw, to approve the increase of the pension as stated. A roll call vote was taken:

Ayes: Alan Granite Michael White
Ronald Graw Chris Black
Tracy Renfro
Nays: None

III. DISBURSEMENTS

- Chris Black made a motion to approve the January payroll estimated at \$1,223,482.32 which reflects the annual increases. Chris Black seconded the motion. A roll call vote was taken:

Ayes: Alan Granite Michael White
Ronald Graw Chris Black
Tracy Renfro
Nays: None

- Al Granite made a motion to approve the January annual increases resulting in a change of \$27,073.10/month. Chris Black seconded the motion. A roll call vote was taken:

Ayes: Alan Granite Michael White
 Ronald Graw Chris Black
 Tracy Renfro
Nays: None

- Invoices totaling \$28,874.85 were presented as shown in the attached warrant packet.

Tracy Renfro made a motion to approve the invoices as presented in the warrant packet. Ronald Graw seconded the motion. A roll call vote was taken:

Ayes: Alan Granite Michael White
 Ronald Graw Chris Black
 Tracy Renfro
Nays: None

IV. OLD BUSINESS

- Chris Black advised Board that he will get the final number on the City Tax Levy with funding from the replacement tax.
- Linda Wlaznik has provided Alan Granite with the occupational disease form and the letter to Chief Bergsten prepared by Attorney Clifford. These will be passed on by Alan Granite to the Chief to give to the commissioners. As Attorney Clifford explained this is necessary because after passage of the ADA the Board no longer has the authority to conduct its own physicals but there needs is still there to establish a baseline for an occupational disease pension should it become necessary.
- Alan Granite has been going over the membership files with Tracy Renfro to get them updated. So far they have about a 25% return of the requests for updated information. Nothing further has yet been heard from the DOI on the audit.
- Attorney Clifford addressed the Board on various items:
 - Attorney Clifford presented the Board with the 2013 timeline.
 - Advised the Board that Ottosen Britz Kelly Cooper Gilbert & DiNolfo have raised their hourly rates but the retainer was not affected.
 - She passed out a contact information sheet asking for any corrections.
 - Discussed the items for yearly review and filing of documents, advising that it is approaching five years on the consultant's contract which will require that an RFP be issued to entertain other proposals.
 - Advised that the DOI is cleaning up the language of Articles 1 and 1A in an effort to better fund DOI giving them better authority to compel compliance with reference to underfunding enforcement.
- Discussed the current pension legislation before the state legislature. Attorney Clifford advised that the session had ended without any action but they will try again with HB1. However, the constitutional protections are too strong. Illinois' pension clause in its constitution is based on New York's constitution, and briefs have probably been written on both sides in anticipation of litigation. The pending legislation still does not cover article 3 and 4 pensions.

- Training:
 - Tracy Renfro will be taking his required 4-day, 32-hour training in February.

V. NEW BUSINESS

- Chris Black called the Board's attention to his letter explaining the increase in charges to the Board from City Finance. At an increase from 109,200 for 2012 to \$111,600 for 2013, this amounts to a 2.2% increase from the previous year.
- Ted Dutkiewicz provided the Board with the December 31, 2012 Year End Summary. He commented that higher salaried persons are entering the Fund and the lower salaried are leaving/retiring. Attorney Clifford noted that the proportion of disability pensioners is substantially smaller than other funds.
- The next meeting is February 20th and Ted Dutkiewicz advised the Board to begin thinking about the election process for the retiree position. Finance mails out the nominations first followed by mailing the ballots.

VI. CASH & INVESTMENTS

- Marquette Associates' Executive Summary for December 31, 2012, was passed out to the Board by Mike Piotrowski,
 - Page 2 of the report shows a total Fund value of \$140,497,747 and provides the details of the asset allocations among the various fund managers.
 - Page 5, which shows the annualized performance of the Fund (gross of fees), indicates a strong showing at the end of the year as the Fund was up 8.7% gross of fees or 8.5% net of fees.
 - Individually both Montag and Fiduciary detracted from the overall fund performance. Mike Piotrowski stated he thinks that both these fund managers should do well going forward. Hillswick, however, did very well for the year and added value.
 - International equity was up 6.3% in the fourth quarter and did better than the index for the year at 19.3% versus 18% for the index. Mike Piotrowski is optimistic for the year as far as performance of emerging markets.
 - Mike Piotrowski's belief is that equities will continue to well in 2013 with non-U.S. equities doing better than U.S. However, "no asset class looks extremely attractive." The themes for the year should be: reduce fixed income; increase international investment and search for yield.
 - The policy benchmark uses a composite of all indexes and the active managers have detracted overall from the whole. The Fund is slightly underweight in international equities which did "phenomenally," thus the overall poor performance.
 - Looking at page 11 of the report which shows performance net of fees, it seems that active management is "out of favor." And perhaps more passive management should be considered for the future. Performance in the large cap space is particularly tough when picking from such a large pool.
 - Rankings come out on the 28th and Mike Piotrowski will send them out when available.
 - Mike Piotrowski discussed Montag & Caldwell's performance in particular citing the fact that they've been on alert for a long time. If they do not improve in the next three to six months, then his recommendation would be to move to passive management in the large cap space. Investment allocation with their fund has been reduced from 8% to 5%. He does think they are a good manager with a high quality portfolio but he does want to see more of a trend.

- At the back of the report is the updated investment policy with all the changes noted by a red line. Once the changes have all been approved, the final copy just needs Board signatures. Attorney Clifford commented that there is still a debate over the 55% versus 65% investment in equities for funds over \$5 million and changes in the Pension Code may necessitate other changes. The recommendation is to allow fixed income mutual funds which would then allow more flexibility in fixed income investments without counting on the equity side. The DOI is looking for feedback on the recommendations from professional financial managers on the liberalization of the statutes. .
- Following the discussion Michael White made a motion, seconded by Tracy Renfro , to approve the new investment policy statement. A roll call vote was taken:

Ayes: Alan Granite Michael White
 Ronald Graw Chris Black
 Tracy Renfro
Nays: None

Once signed, Mike Piotrowski will send it to the DOI.

- Cash needs for the month are \$1,120,000. The recommendation is to split the amount needed taking 50% from Montag & Caldwell and 50% from the Vanguard Institutional Index. Alan Granite made a motion, seconded by Tracy Renfro, to remove half the \$1.12 million from the Vanguard Institutional Index and the other half from Montag & Caldwell to meet cash needs for the month. A roll call vote was taken:

Ayes: Alan Granite Michael White
 Ronald Graw Chris Black
 Tracy Renfro
Nays: None

- Ted Dutkiewicz passed out the report on the status of the Fund as of December 31, 2012:
 - The report showed total current market value of the Fund was \$139.66 million, up 2.532% year to date. The equity fund is up 17.005%, and fixed income is down 10.904% at 47.570% of the total Fund.
 - Total annual return is at 7.76%; equity annual return is 17.00%, a fixed income annual return of -1.60%, and a total income return of 6.61%.
- Records of purchases and sales were distributed.

Michael White made a motion, seconded by Tracy Renfro, to approve the purchases and sales for the month. A roll call vote was taken:

Ayes: Alan Granite Michael White
 Ronald Graw Chris Black
 Tracy Renfro
Nays: None

VII. CLOSED MEETING – None required.

VIII. ADJOURNMENT

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned at 9:55 a.m.

Next regular meeting is February 20, 2013, at 8:30 a.m.

Signed:



Tracy Renfro, Secretary

7/29/13

Date

Prepared by:



Judith Yehling, Recording Secretary

7-29-13

Date

Approved by the Board of Trustees at its February 20, 2013, meeting